

ORIGINAL
FENNEMORE CRAIG, P.C.

3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012-2913
(602) 916-5000



0000123094

Patrick J. Black
Direct Phone: (602) 916-5400
Direct Fax: (602) 916-5600
pblack@fclaw.com

Law Offices
Phoenix (602) 916-5000
Tucson (520) 879-6800
Nogales (520) 281-3480
Las Vegas (702) 692-8000
Denver (303) 291-3200

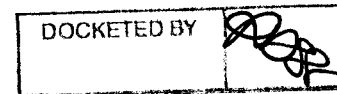
February 14, 2011

VIA HAND-DELIVERY

Elijah O. Abinah, Assistant Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

FEB 14 2011



Re: Bermuda Water Company, Inc.; ACC Docket No. W-01812A-10-0521

Dear Mr. Abinah:

Please accept the enclosed documents as Bermuda Water Company's response to Staff's Letter of Insufficiency dated January 31, 2011. We also filed an Amended Rate Application on February 11, 2011.

We hope we have sufficiently addressed the deficiencies raised by Staff and ask that Staff promptly find the application sufficient. Should you have any further questions, please do not hesitate to call.

Sincerely,

Patrick J. Black

PBLA/wb
Enclosure

cc: Docket Control
Kirsten Weeks, Bermuda Water Co.
Bridget Humphrey, Esq.
Kimberly Ruht, Esq.
Gary T. McMurry

RECEIVED
2011 FEB 14 P 12:37
AZ CORP COMMISSION
DOCKET CONTROL

**Bermuda Water Company
Docket No. W-01812A-10-0521
Application for Rate Increase**

**Response to Deficiency List
February 14, 2011**

1. Schedule H-5 has two 2-inch school bill counts and two 1-inch wholesale bill counts. These appear to be typographical errors that should be corrected.

Response: The typographical errors have been corrected. Please refer to the Company's Amended Rate Application, filed February 11, 2011, at Attachment 2.

2. Based on discussions with Company personnel, the gross revenue conversion factor (schedule C-3) calculation is incorrect and should be revised.

Response: The gross revenue conversion factor calculation has been corrected. Please refer to the Company's Amended Rate Application, filed February 11, 2011, at Attachment 2.

3. Schedules D-1 and D-2 show the parent company's (Utilities Inc.) capital structure. Please provide a D-1 and D-2 that presents the capital structure of the utility (Bermuda Water Company) and reconciles to E-1.

Response: Schedules D-1 and D-2 have been corrected to show Bermuda Water Company's capital structure. Please refer to the Company's Amended Rate Application, filed February 11, 2011, at Attachment 2.

4. <http://www.azcc.gov/divisions/utilities/water/forms.asp>, Staff would need the following items for sufficiency:

- a. An ADEQ Compliance Status Report for the Company's water system.
- b. A completed Water Use Data Sheet for the test year.
- c. A plant inventory of the Company's plant-in-service at the end of test year. A suggested format is included in the supplemental link provided on the Commission's website.

Response: Responses for Items 4a through 4c are as follows:

- a. An ADEQ Compliance Status Report is attached hereto as **Attachment A**.
- b. A completed Water Use Data Sheet is attached hereto as **Attachment B**.
- c. A plant inventory of the Company's plant-in-service at the end of test year is attached hereto as **Attachment C**.

ATTACHMENT A

Arizona Department of Environmental Quality
Drinking Water Monitoring and Protection Unit
Mail Code 5415B-2
1110 West Washington Street
Phoenix, AZ 85007

Drinking Water Compliance Status Report

| | | |
|----------------------|--|--|
| System Name | System Type | Is system consecutive? |
| BERMUDA WATER CO INC | <input checked="" type="checkbox"/> Community | <input type="checkbox"/> Yes, to PWS # |
| System ID # | <input type="checkbox"/> Non-transient Non-community | <input checked="" type="checkbox"/> No |
| 08063 | <input type="checkbox"/> Transient Non-community | |

| | | |
|--|---|---|
| Overall compliance status | <input checked="" type="checkbox"/> No major deficiencies | <input type="checkbox"/> Major deficiencies |
| Monitoring and Reporting status | <input checked="" type="checkbox"/> No major deficiencies | <input type="checkbox"/> Major deficiencies |
| Comments: None | | |

| | | |
|--|---|---|
| Operation and Maintenance status | <input checked="" type="checkbox"/> No major deficiencies | <input type="checkbox"/> Major deficiencies |
| Date of last Sanitary Survey | 8-10-10 | Inspector Craig Beeson, NRO |
| Major unresolved/ongoing operation and maintenance deficiencies: | | |
| <input type="checkbox"/> unable to maintain 20psi <input type="checkbox"/> cross connection/backflow problems <input type="checkbox"/> treatment deficiencies <input type="checkbox"/> certified operator <input type="checkbox"/> inadequate storage <input type="checkbox"/> surface water treatment rule <input type="checkbox"/> ATC/AOC <input type="checkbox"/> other = | | |
| Comments: During the last sanitary survey, recommendations were made on source (remove threads from sampling taps) and finished water storage (install new seals on target cables). | | |

| | | |
|---|------------------------------|--|
| Is an ADEQ administrative order in effect? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Comments: None | | |

| System Information | |
|---|---|
| Population Served | 18000 |
| Service Connections | 7800 |
| Number of Entry Points to the Distribution System | 7 |
| Number of Sources | 7 |
| Initial Monitoring Year | 1995 |
| Monitoring Assistance Program (MAP) System | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

| | | | |
|-------------------------------------|---|-------------|-----------------|
| Evaluation completed by | Donna Calderon, Manager <i>DC</i> Drinking Water Monitoring and Protection Unit | | |
| Phone | 602-771-4641 | Date | October 5, 2010 |
| <input checked="" type="checkbox"/> | Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and PWS is in compliance. | | |
| <input type="checkbox"/> | Based upon the monitoring and reporting deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance. | | |
| <input type="checkbox"/> | Based upon the operation and maintenance deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance. | | |

This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.

ATTACHMENT B

| | |
|----------------------------------|-----------------------|
| COMPANY NAME | Bermuda Water Company |
| ADEQ Public Water System Number: | 08-063 |

WATER USE DATA SHEET BY MONTH FOR TEST YEAR ENDING 6/2010

| MONTH/YEAR (12 Months of Test Year) | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | GALLONS PUMPED (Thousands) |
|--|------------------------|-----------------------------|-------------------------------|
| JULY 2009 | 8,070 | 104,804 | 108,438 |
| AUGUST 2009 | 8,076 | 113,128 | 113,791 |
| SEPTEMBER 2009 | 8,076 | 110,127 | 110,862 |
| OCTOBER 2009 | 8,078 | 99,491 | 100,420 |
| NOVEMBER 2009 | 8,079 | 86,708 | 87,096 |
| DECEMBER 2009 | 8,079 | 79,417 | 79,847 |
| JANUARY 2010 | 8,080 | 79,270 | 79,923 |
| FEBRUARY 2010 | 8,080 | 68,651 | 68,862 |
| MARCH 2010 | 8,091 | 72,896 | 82,980 |
| APRIL 2010 | 8,095 | 87,898 | 99,656 |
| MAY 2010 | 8,097 | 94,498 | 101,465 |
| JUNE 2010 | 8,100 | 102,642 | 105,049 |
| TOTAL | | 1,099,530 | 1,138,389 |

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☐ YES

☒ NO

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ YES

☒ NO

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system

ATTACHMENT C

| | | |
|---------------------|-----------------------|---------------------------------------|
| COMPANY NAME | Bermuda Water Company | Test Year Ended: June 30, 2010 |
|---------------------|-----------------------|---------------------------------------|

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number | Pump Horsepower | Pump Yield (Gpm) | Casing Depth (ft) | Casing Diam (in) | Meter Size (inches) | Year Drilled |
|----------------|-----------------|------------------|-------------------|------------------|---------------------|--------------|
| 55-600335 | 75 | 575 | 169 | 18 | 6 | 1965 |
| 55-600336 | 60 | 300 | 148 | 20 | 4 | 1960 |
| 55-600337 | 30 | 220 | 148 | 8 | 4 | 1968 |
| 55-806426 | 60 | 450 | 180 | 20 | 4 | 1959 |
| 55-527191 | 75 | 575 | 168 | 20/16 | 6 | 1990 |
| 55-532342 | 60 | 450 | 160 | 12 | 6 | 1995 |
| 55-565030 | 60 | 450 | 160 | 12 | 4 | 1998 |
| 55-215355 | 60 | 460 | 160 | 16 | 6 | 2007 |
| | | | | | | |
| | | | | | | |

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|---------------------|----------------|--|
| N/A | | |
| | | |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|---------------|----------|-------------------|----------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 60 | 3 | 678 | 25 |
| | | | |
| | | | |
| | | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|---------------|----------|----------------|----------|
| Capacity | Quantity | Capacity | Quantity |
| 500,000 | 4 | None | |
| 372,000 | 2 | | |
| | | | |
| | | | |

| | | |
|---------------------|-----------------------|-----------------------------------|
| COMPANY NAME | Bermuda Water Company | Test Year Ended: June 2010 |
|---------------------|-----------------------|-----------------------------------|

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

| MAINS | | | CUSTOMER METERS | |
|-------------------------|-----------------|-------------------------|-------------------------|-----------------|
| Size (in inches) | Material | Length (in feet) | Size (in inches) | Quantity |
| 2 | PVC | 1,300 | 5/8 x 3/4 | 7,769 |
| 3 | PVC | 10,200 | 3/4 | 0 |
| 4 | PVC | 78,075 | 1 | 231 |
| 5 | | 0 | 1 1/2 | 2 |
| 6 | PVC | 463,368 | 2 | 54 |
| 6 | DIP | 205 | Comp. 3 | 0 |
| 8 | PVC | 223,484 | Turbo 3 | 36 |
| 8 | DIP | 124 | Comp. 4 | 1 |
| 10 | PVC | 38,066 | Turbo 4 | 3 |
| 10 | DIP | 4,821 | Comp. 6 | 5 |
| 12 | PVC | 54,919 | Turbo 6 | 6 |
| 12 | DIP | 232 | | |
| 16 | PVC | 17,300 | | |

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

8 liquid feed pumps

STRUCTURES:

1 office building

7 chlorinator sheds

OTHER:

2 150 kw fixed generators

1 75 kw portable generator

1 200 kw fixed generator
